

Message Text

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21

ACTION EUR-12

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FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 3541

INFO AMEMBASSY LONDON

AMEMBASSY BRUSSELS

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E.O. 11652: N/A

TAGS: EFIN, PL

SUBJECT: TEXT OF AGREED MINUTE ON POLISH DEFAULTED BOND ISSUES

THERE FOLLOWS THE TEXTS OF AN AGREED MINUTE, SIGNED FEB. 21, 1975, BY GEORGE D. WOODS OF THE FOREIGN BONDHOLDERS PROTECTIVE COUNCIL AND STANISLAW KOSICKI OF THE MINISTRY OF FINANCE.

BEGIN TEXT:

DURING THE DAYS FROM 18TH FEBRUARY, 1975 THROUGH 21ST FEBRUARY, 1975 THE TALKS WERE HELD IN WARSAW BETWEEN THE DELEGATION OF THE MINISTRY OF FINANCE OF THE POLISH PEOPLES REPUBLIC AND THE DELEGATION OF THE FOREIGN BONDHOLDERS PROTECTIVE COUNCIL INC. THE DELEGATIONS DISCUSSED CONDITIONS OF THE PERMANENT SETTLEMENT OF THE POLISH PREWAR PUBLICLY OFFERED DOLLAR BONDS AND THE PRINCIPLES OF THE FUTURE SETTLEMENT OF THE MATTER OF THE PUBLICLY OFFERED DOLLAR BONDS OF THE FORMER FREE CITY OF GDANSK. BOTH SIDES AGREED THAT THEY WILL RECOMMEND THE FOLLOWING SETTLEMENT:

1. IN CONNECTION WITH THE POLISH BONDS, A CASH PAYMENT IN SETTLEMENT OF ALL CLAIMS, IN THE AMOUNT OF 36-1/2 PERCENT OF THE NOMINAL OR FACE VALUE IN DOLLARS (IN UNCLASSIFIED

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ADDITION TO THE TOTAL OF 3-1/2 PERCENT BEING PAID ON THE

TEMPORARY SETTLEMENT), TO BE PAID AS FOLLOWS:
IF THE AGGREGATE FACE VALUE OF BONDS ACCEPTING
THE TEMPORARY SETTLEMENT IS DOLLARS 8,500,000 OR LESS,
100 PERCENT ON JULY 1, 1975.
IF SUCH AGGREGATE IS MORE THAN DOLLARS 8,500,000
BUT LESS THAN DOLLARS 12,000,000, 70 PERCENT ON JULY 1, 1976
AND 30 PERCENT ON JULY 1, 1977.
IF SUCH AGGREGATE IS DOLLARS 12,000,000 OR MORE
BUT LESS THAN DOLLARS 14,000,000, 60 PERCENT ON JULY 1, 1976
AND 40 PERCENT ON JULY 1, 1977.
IF SUCH AGGREGATE IS DOLLARS 14,000,000 OR MORE,
50 PERCENT ON JULY 1, 1976 AND 50 PERCENT ON JULY 1, 1977.
SUCH OFFER WILL BE OPEN ONLY TO HOLDERS OF BONDS
ACCEPTING THE TEMPORARY SETTLEMENT AND WILL REMAIN OPEN
FOR 2 YEARS AFTER JULY 1, 1975.

2. IN CONNECTION WITH THE GDANSK BONDS, A CASH
PAYMENT WILL BE OFFERED BY POLISH GOVERNMENT TO ALL
HOLDERS OF THE DOLLAR PUBLICLY OFFERED GDANSK BONDS.
THIS OFFER WILL PROVIDE THAT 35 PERCENT OF THE NOMINAL VALUE
IN DOLLARS OF THE BONDS WILL BE PAID TO THEIR HOLDERS.
THE OFFER WILL BE OPEN FOR ACCEPTANCE TILL JULY 1,
1977. THE PAYMENT WILL TAKE PLACE ON A MUTUALLY AGREED
DATE BUT NOT LATER THAN ON JULY 1, 1976.
THIS OFFER WILL ALSO CONTAIN THE CLAUSE PROVIDING
THAT IF ANY AGREEMENT CONNECTED WITH THE PUBLICLY
OFFERED STERLING BONDS OF THE FORMER FREE CITY OF
GDANSK ESTABLISHES BETTER OR OTHER CONDITIONS OF
SETTLING THIS PROBLEM, THE AMERICAN HOLDERS OF THE
DOLLAR GDANSK BONDS WILL HAVE THE OPPORTUNITY TO GET
THE SAME CONDITIONS WHICH WERE GIVEN TO THE BRITISH
HOLDERS, AS AN ALTERNATIVE.
BOTH SIDES AGREED THAT THE AGREEMENT CONNECTED
WITH THE POLISH BONDS SHOULD BE SIGNED ON OR BEFORE
MAY 1ST, 1975 AND THE AGREEMENT CONNECTED WITH GDANSK
BONDS SHOULD BE SIGNED WHEN A PRELIMINARY AGREEMENT
IS REACHED BY POLISH SIDE WITH THE BRITISH BONDHOLDERS,
AND THAT SUCH AGREEMENTS WILL PROVIDE THAT THE RE-
SPECTIVE PAYING AGENTS WILL MAKE A REASONABLE
DEDUCTION FROM PAYMENTS TO BONDHOLDERS WHICH WILL BE
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REMITTED TO THE COUNCIL AS A CONTRIBUTION TOWARD ITS
EXPENSES.
IT WAS FURTHER AGREED THAT POLAND COULD, IF IT
WISHED, APPOINT A FISCAL AGENT IN POLAND, IN ADDITION
FISCAL AGENTS IN THE UNITED STATES, FOR THE PURPOSES
OF THE EXISTING TEMPORARY SETTLEMENT AND ANY
FINAL SETTLEMENT WITH RESPECT TO THE POLISH BONDS.
END TEXT.

DAVIES

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